How do businesses solve problems?

Course correction

- Use new knowledge derived from measurement to refine the business problem and possible solutions

Planning

- Define the business problem
- Build hypotheses
- Use prior knowledge to develop possible solutions
- Prioritize and choose best solution

Measurement

- Evaluate solution performance on business metrics (sales, costs)
- Assess performance against hypothesis
- Identify metrics and areas where performance was above, at par and below expectations

Implementation

- Identify and develop assets to implement best solution
- Build systems to track performance

Where does analytics fit in?

Typically businesses rely on data analytics to answer business questions during planning and measurement phases

Course correction

Measurement

- Compare performance of strategy against benchmarks (internal or external)
- Compare customer, competitor and landscape changes before and after strategy implement
- Track key business metrics (sales, productivity, risks etc.) to iterate small, local changes

Planning

- Understand current state
- Build future state scenarios
- Prioritize scenarios in likelihood and impact
- Use insights to develop action plans for best strategy
- Assess risks of strategy
- How to best use current resources and plan for future changes

Implementation

How does analytics impact value drivers at the planning and measurement stages of solving a business problem?

Value drivers	Planning stage	Measurement stage
Revenue	• Find new market segment for products to gain new customers • Identify customer needs to make more sales per customer • Develop pricing strategies to acquire market share • Assess impact of expected competitor actions	• Evaluate success in customer buying behavior change after strategy • Evaluate competitive position of product in the market • Track revenues, market share changes
Cost	• Identify productivity improvement areas • Build optimal resource deployment to implement strategy • Cost-benefit ROI analysis of planned strategy	• Calculate return on investment made in implementing productivity changes • Track implementation of changes within organization
Compliance	• Assess compliance risk and costs for planned strategy	• Continually check for new compliance issues and market changes